

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:4523
ANSWERED ON:24.04.2008
INCREASE IN THE PRICES OF RAW MATERIALS
Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of STEEL be pleased to state:

- (a) the value of total sale made by the Steel Authority of India Limited during the last three years;
- (b) whether there has been an increase in the prices of raw materials in the country during the last three years;
- (c) if so, the reasons therefor; and
- (d) the steps being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL(SHRI JITIN PRASADA)

- (a) The value of total sale made by Steel Authority of India Limited (SAIL) during the last three years is as follows:

Year	Amt. (Rs. in Crore)
2004-05	31805
2005-06	32280
2006-07	39189
9M 2007-08	30026

(b)&(c): Yes, Sir. The prices of different raw materials procured by SAIL have increased significantly in the range of 53.6% to 349.5% between the period 2004-05 and 2008-09. The main reasons for the increase in raw material prices are mismatch between demand and supply, upward trend in international prices, increase in the transportation cost etc. The details of price increase of the raw materials, procured by SAIL is Annexed.

(d) The government has taken the following measures to stabilize the prices of steel making raw materials in the country:-

(i) The import duties on steel making inputs have been reduced over the years and also exempted in case of coking coal. In case of iron ore it has been reduced to 2%.

(ii) In the Union Budget 2008-09, the import duty on melting scrap has been reduced from 5% to NIL.

(iii) In order to ease the supply of iron ore to domestic steel producers the Government has imposed an export duty at the rate of Rs.300 per tonne on export of all varieties of iron ore lumps. Export duty has also been imposed at the rate of Rs.300 per tonne on export of iron ore fines with more than 62% Fe content and at the rate of Rs.50 per tonne on export of iron ore fines with less than 62% Fe content.